

JCR Green Loan Evaluation by Japan Credit Rating Agency, Ltd.

Japan Credit Rating Agency, Ltd. (JCR) announces following Green Loan Evaluation Results.

JCR Assigned Green 1 to Long-term Loan by Canadian Solar Infrastructure Fund, Inc.

Subject	:	Long-term loan borrowed by Canadian Solar Infrastructure Fund, Inc.
Type	:	Long-term loan
Loan Amount	:	JPY 17 billion
Interest Rate	:	6-month TIBOR+0.45%
Lender	:	Co-financing group with Shinsei Bank, Limited, Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers, and MUFG Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited as co-arrangers
Borrowing Date	:	March 8, 2021
Repayment Date	:	Corresponding date 10 years after the loan execution date
Repayment Method	:	Partial installment repayment
Use of Proceeds	:	Funds for the acquisition of solar power generation facilities

<Green Loan Evaluation Results>

Overall Evaluation	Green 1
Greenness Evaluation (Use of Proceeds)	g1
Management, Operation and Transparency Evaluation	m1

Chapter 1: Evaluation Overview

Canadian Solar Infrastructure Fund, Inc. ("CSIF") is an investment corporation listed on the Tokyo Stock Exchange's infrastructure fund market on October 30, 2017. It primarily aims to invest in renewable energy power generation facilities (as stipulated in Article 2-3 of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities) and associated renewable power generation facilities, real estate, etc., and renewable power generation facilities and real estate response securities related to renewable power generation

facilities. CSIF is sponsored by Canadian Solar Project K.K. ("CSP") and Canadian Solar Asset Management K.K. ("CSAM") is an asset management company.

As of the end of December 2020, CSIF had 123.1 MW (panel output) solar power generation facilities ("PV facilities") at 23 power plants nationwide. CSIF aims to "contribute to the global environment" by expanding the introduction of renewable energy in Japan by mutually cooperating with the Canadian Solar Group (the "Group"), centered on the sponsor Canadian Solar, Inc. ("CSI"), which covers a wide range of business domains for PV projects under a vertically integrated model. It also aims to contribute to the "realization of a sustainable society" and the "revitalization of local communities."

The loan by CSIF (the "Loan") are the subject of this evaluation. The proceeds of the loan will be used to finance the acquisition of two solar facilities by CSIF. JCR confirmed that CO₂ was reduced by approximately 25,100 tons per year by a total of two PV facilities, based on data submitted by CSAM. It also identified the negative environmental impacts of the two PV facilities that were eligible for funding, and confirmed that their concerns were small.

CSIF has established eligibility criteria and processes for the selection of green projects. The proceeds raised are scheduled to be used to finance the acquisition of two PV facilities promptly after the loan execution. Reports on the status of appropriation of proceeds and environmental improvement effects are scheduled to be published regularly. KPIs related to environmental improvement effects are also appropriate. Environmental efforts as an organization of CSIF are also actively conducted as a member of the Group. Base on the above, JCR confirmed that CSIF established an appropriate management and operation system and has a high level of transparency with respect to green financing for procurement.

As a result, based on JCR's Green Finance Evaluation Method, JCR assigned "g1" for the "Greenness Evaluation (Use of proceeds)" and "m1" for the "Management, Operation, and Transparency Evaluation". Consequently, JCR assigned "Green 1" for the "JCR Green Loan Evaluation." The evaluation results are described in detail in the next chapter.

In addition, JCR evaluated that the Loans meet the standards for items required by the Green Loan Principles and the Green Loan and Sustainability Linked Loan Guidelines 2020.¹²

¹ LMA (Loan Market Association), APLMA (Asia Pacific Loan Market Association), LSTA (Loan Syndications and Trading Association) Green Loan Principle 2021 <https://www.lma.eu.com/>

² Ministry of the Environment's Green Loan and Sustainability Linked Loan Guidelines <http://www.env.go.jp/press/files/jp/113511.pdf>

Chapter 2: Current Status of the project on each evaluation factor and JCR's evaluations

Evaluation Phase 1: Greenness Evaluation

Based on the current situation described in detail below and JCR's assessment of this, JCR evaluated that 100% of the use of proceeds under the Loan was a green project, and the evaluation phase 1: Greenness evaluation was "g1," the highest.

(1) JCR's key consideration in this factor

In this section, JCR first assesses whether the funding money will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaroud or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals ("SDGs").

(2) Current status of evaluation targets and JCR evaluation

a. On the environmental improvement effects of the project

i. 100% of the proceeds will be used to finance the acquisition of two PV facilities, and environmental improvement effects can be expected.

CSIF's Green Finance Framework defines financing methods and investees as follows:

【Overview of the Use of Proceeds】	
Funding for capital expenditures for acquisition or planned PV projects (owned properties) held by CSIF or refinancing funds for capital expenditures (Target project category)	
Category	Use of Proceeds
Renewable energy facilities	Existing or planned PV projects (including PV facilities and transmission lines to power stations)

The proceed of the Loan will be used to finance the acquisition of two PV facilities that meet the eligibility criteria set forth by CSIF in the framework above. The CS Hiji-machi No. 2 Power Station and CS Ogawara-machi Power Plant are eligible for certification. JCR evaluated that all of the proceeds raised this time are for solar power plants, which have environmental improvement effects.³

(Project Overview)

Project Name	Location	Power Output (kW)(*)	Estimated Annual Power Generation (Average for 20 Years) (MWh)	Annual CO ₂ Reductions (t-CO ₂)(**)
CS Hiji-machi Dai-ni Power Plant	Hiji-machi, Oita Prefecture	53,404	60,986	21,162
CS Ogawara-machi Power Plant	Ogawara-machi, Miyagi Prefecture	7,515	8,564	3,956
Total		60,919	69,550	25,119

*: Power generation output based on output scale is described.

**.: Methods of calculating CO₂ savings = Assumed annual power generation × Adjusted emission factor (FY2018 (latest figures))

³ The total acquisition cost of the project is about 30.6 billion yen.

According to the materials submitted by CSAM, the sum of the annual average power generation of the two solar facilities to be acquired is about 69, 600MWh, and it is effective in reducing CO₂ by an average of about 25,100 tons per year. Accordingly, JCR evaluated the use of proceeds from the Loan as having an environmental improvement effect.

ii. The use of proceeds corresponds to "renewable energy" among the Green Projects as defined in the "Green Loan Principles" and the "Green Loan and Sustainability Linked Loan Guidelines 2020."

b. Negative impact on the environment

CSAM conducts due diligence from an ESG viewpoint in line with the framework on approaches to the United Nations-backed Principles for Responsible Investment Initiative (UN PRI) at the time of the acquisition of PV facilities, and examines the environmental impact of these efforts. Specifically, due diligence was conducted on "risks of impairment, loss or deterioration of assets under management due to disasters or disasters" that are considered to have a negative impact on the environment. Technical reports, reports on soil surveys, and earthquake risk analysis reports were obtained, and risks are verified regarding the status of impairment of assets in earthquake resistance performance judgments and other accidents and disasters.

Risk identification is conducted by the Investment Management Department, which is in charge of CSAM. For the two solar power generation facilities that are eligible for funding the Loan, the department verifies the negative impact on the environment and confirms that the negative impact on the environment is small.

Based on the above, JCR confirmed that CSIF judges that the negative impact on the environment is identified and that the concern is small.

c. Consistency with SDGs goals and Targets

The two solar power plants to be acquired this time are businesses classified as renewable energy. While referring to ICMA's SDGs mapping, JCR evaluated that they will contribute to the following SDGs goals and targets.



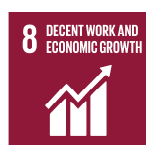
Goal 3: Ensure healthy lives and promote well-being for all at all ages.

Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.



Goal 8: Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and

environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.



Objective 13: Take urgent action to combat climate change and its impacts.

Target 13.1. Strengthen resilience and adaptive capacity to climate-related and natural disasters in all countries.

Evaluation Phase 2: Management, Operations and Transparency Evaluation

JCR assigns "m1", the highest rating on its evaluation Phase 2: Evaluation on Management and Operation and Transparency.

Rationale: The project has allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

(1) JCR's key consideration in this factor

This section reviews the goals to be realized through the Loans, the criteria for selecting green projects and the validity of the process and whether a series of processes have been properly disclosed to the lender.

(2) Current status of evaluation targets and JCR evaluation

a. Goal

Established in 2017, CSIF was listed on the Tokyo Stock Exchange's Infrastructure Fund Market, and aims to "contribute to the global environment" by expanding the introduction of renewable energy in Japan. It also intends to contribute to "realization of a sustainable society" and "vitalization of local communities."

CSIF's business consists of investing in renewable power generation facilities and returning revenues from the sale of electricity to investors. Proceeds from the green financing under the framework is also used for PV projects (including PV facilities and transmission lines to power plants) that have been or will be acquired. JCR evaluated that CSIF's business itself contributes directly to the global environment and contributes to the realization of a sustainable society. In addition, JCR evaluated that it is consistent with CSIF's goal of procuring proceeds not only from investors, but also from financial institutions that resonate with the business content of CSIF through the implementation of green finance.

The use of the green loan is to finance the acquisition of two solar facilities described in Phase 1. JCR evaluates that the acquisition of the above PV facilities will contribute to the achievement of the above goal of CSIF.

b. Selection Criteria

CSIF's use of proceeds in its green financing framework is to fund capital expenditures for existing or planned solar projects (owned properties) held by CSIF or to refinance capital expenditures. Two PV facilities, which are eligible for the use of proceeds of the Loan, are also in accordance with the selection criteria above. As mentioned above in Phase 1 of the evaluation, JCR is evaluated as a project that can be expected to have environmental improvement effects with respect to the aforementioned selection criteria.

c. Processes

In the process of selecting a project, after deliberation and resolution by CSAM's Compliance Committee, deliberation and resolution by the Investment Management Committee and deliberation and resolution by the Board of Directors (if transactions with interested parties exceeds 5 billion yen), are finally deliberated and approved by the Board of Directors, which is composed of CSIF's executive officers and supervisory officers.

JCR confirmed that the decision to acquire PV facilities, which are subject to the use of the proceeds of the Loan, has also been determined based on the above process.

In addition, the goals, eligibility criteria and processes described above are described in this evaluation report and are expected to be disclosed to the lender in the form of a loan agreement and a press release for the Loans. Accordingly, JCR evaluated that transparency is ensured for the lender.

2. Appropriateness and Transparency of management of the proceeds

(1) JCR's key consideration in this factor

It is usually assumed that the method of managing the procured proceeds are diverse depending on the borrower. JCR will confirm whether the proceeds raised by the Loan are appropriated to the Green Project without fail, and whether a mechanism and internal system are in place so that the appropriated status can be easily tracked and managed.

It also attaches importance to evaluating the management and operation of the unallocated proceeds, as well as to confirming that the proceeds procured from the loan will be allocated to the green projects at an early stage.

(2) Current status of evaluation targets and JCR evaluation

- a. The use of proceeds for the Loan subject to evaluation is to fund the acquisition of two solar facilities, none of which are expected to be used for other purposes.
- b. Proceeds raised are managed in a particular account within CSIF and disbursements are made for eligible projects promptly. At the time of expenditure, decisions are made by the General Manager of the Financial Planning Department and the President and Chief Executive Officer of CSAM, which is an AM of CSIF. In addition, these deposit and withdrawal procedures are subject to internal and external audits, and audits related to deposits and withdrawals are scheduled to be conducted appropriately.
- c. CSIF expects that the proceeds from the Loan will be subject to internal and external audits.
- d. The use of the proceeds of the Loan is expected to be used entirely to fund the acquisition of two solar facilities promptly and will be managed in cash or cash equivalents until appropriated. Prior to the repayment of the Loan, if the PV facilities subject to the use of proceeds were damaged due to natural disasters or other events, the facilities are scheduled to be restored through insurance payments and other means.

Based on the above, JCR evaluates that CSIF fund management is appropriate and that disclosures to lenders are appropriate.

3. Reporting

(1) JCR's key consideration in this factor

This section evaluate at the time of a green loan whether the system of disclosure to lender and others before and after the green loan is evaluated in detail and in an effective manner.

(2) Current status of evaluation targets and JCR evaluation

a. Reporting on the proceeds allocation

The use of the proceeds of the Loan will be disclosed to the lender by publication on the website and in this evaluation report. In addition, the appropriation status of the procured proceeds will be disclosed periodically (by fiscal year end) along with the subject project on CSIF website.

If the underlying assets are sold before the green loan is repaid and need to be re-appropriated, CSIF plans to periodically disclose the full amount of the green loan proceeds on its website until such time as they are re-appropriated for qualifying projects.

JCR evaluates that the above disclosure items are appropriate.

b. Reporting on environmental improvement effects

CSIF discloses monthly reports on environmental benefits of its PV plants and panel-output capacity. These disclosures include quantitative indicators of generation, which JCR believes are appropriate.

JCR evaluated that the reporting is intended to appropriately disclose to the lender both the use of proceeds and the effects of environmental improvement.

4. Organization's environmental activities

(1) JCR's key consideration in this factor

This section evaluates whether the borrower's management positions environmental issues as a high priority issue for management, and whether the implementation policy of green finance and process, green project selection criteria, etc. are clearly positioned by establishing a department that specializes in the environmental field or by cooperating with external organizations.

(2) Current status of evaluation targets and JCR evaluation

a. CSI's Environmental and Social Initiatives

CSIF's parent company, CSI, is contributing more extensively and deeply to environmental and social considerations. According to the 2019 Sustainability Report published in September 2020, CSI's achievements in terms of environmental and social considerations are shown below.

- i. Generation at CSI's holding PV plants has increased 19% over the past year. (December 2017: 3149 MW, June 2019: 4700 MW, June 2020: 5600 MW)
- ii. Water consumption was reduced by about 10% per MW compared to 2018.
- iii. As of 2020, CO₂ emissions per manufacturing 1 kW were reduced by about 7% compared to 2018.

CSI also achieved excellent results in terms of social considerations.

- i. It is engaged in social projects on six continents worldwide, including helping Thailand's International Network of Engaged Buddhists 12 kW of PV facilities and helping to install PV facilities at medical centers in Sierra Leone.
- ii. In 2019, an average of 14.89 hours a year of training programs were implemented for the total number of employees (14,346).
- iii. It has principles on fair trade and provides a pleasant working environment for its employees and stakeholders through, for example, not doing business with mines with labor problems or with companies that are engaged in forced labor.

In addition, there are clear indications of management's commitment to environmental and social considerations.

Chairman and CEO Dr. Shawn Qu describes environmental and social considerations as follows.

"Canadian Solar is looking at connecting our corporate strategy locally to sustainable goals. To do so we are basing ourselves on the United Nation's 17 sustainable development goals, which address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice."

Moreover, CSI has the Health and Safety Department as an environmental department and implements ISO14001 and other environmental management. Acquiring ISO14001, CSI conducts its operations in collaboration with outside experts such as TUV Rhineland.

b. Environmental Initiatives of CSIF

CSIF conducts its operations in compliance with CSI's environmental and social policies. In August 2019, CSIF's asset management company CSAM became the first domestic asset management company of an infrastructure investment corporation to sign UN PRI. JCR evaluated this as one indication of CSAM's commitment to further consider ESG elements in its operations.

As a specific initiative, CSIF sponsored the juvenile flatfish release event in May 2017 at Hiji-machi, where the CS Hiji-machi Power Plant and CS Hiji-machi Dai-ni Power Plant locates. In addition, CSP and CSAM donated

money to Marumori-machi, Miyagi Prefecture, which is also a property owned by CSIF, which was significantly damaged by Typhoon Hagibis in 2019. In Daisen-cho, Tottori Prefecture, where the CS Daisen-cho Power Plant locates, donations were made for the renovation of Hima Shrine and an incense stick stand made white granite for Shinpuku-ji Temple. Furthermore, CSP, which is the sponsor, donated "Daisen Canadian Garden" to Daisen-cho. As such, as a member of the CSI Group, CSIF and its related companies are engaged in ESG initiatives and social contribution activities.

JCR recognized that CSIF management has positioned environmental issues as a high-priority management issue, and that these are indicative of its specific efforts to address them.

(Reference) Outline of the Borrower and its the Group Parent Company

< Canadian Solar Infrastructure Fund, Inc. (CSIF) >

An investment corporation established in June 16 and listed on the Tokyo Stock Exchange Infrastructure Fund Market in October 17. Operate renewable energy power generation facilities, etc. as the main investment target, and invest more than 90% of the investment in PV facilities, etc. Assets under management as of September 2020 were 23 power plants, mainly in Kyushu, including Kanto, Tokai, Chugoku, Tohoku, and Hokkaido regions, with a total panel output of 123.1 MW and total assets acquired of 49.41 billion yen. CSIF's sponsors is Canadian Solar Project K.K. (CSP), a group company of Canadian Solar, Inc. (CSI), a U.S. NASDAQ exchange-traded company that is a global manufacturer of solar modules and also develops solar power plants. CSP, as a developer of solar power plants, is engaged in the development of solar power plants in various parts of Japan, and is also the operator of the incorporated assets of CSIF. Asset management and O&M companies are also undertaken by CSI Group companies.

Under the Basic Philosophy, CSIF aims to "contribute to the global environment" by expanding the introduction of renewable energy in Japan by operating renewable energy power generation facilities, etc. as the main investment targets under a cooperative system with CSP. At the same time, CSIF intends to contribute to "the realization of a sustainable society" and "the revitalization of local communities."

The CS Mashiki-machi Power Plant, an asset acquired by CSIF, experienced the Kumamoto Earthquake in April 2016. Although there was no particular damage to the facility, the fact that CSP has reviewed the construction period and provided support supplies in consideration of the local Mashiki-cho Town, which suffered major damage, is regarded as a symbol of the basic philosophy of CSIF.

< Canadian Solar, Inc. (CSI) >

Founded in Canada in October 2001, this is the global manufacturer of PV modules and the parent company of sponsors and asset management companies. It is oriented toward a vertical integration model in which the Group handles not only integrated production in manufacturing but also development and operation of mega-solar power plants.

CSI has obtained the EMS certification of "ISO14001:2004," which specifies the specifications of the environmental management system in 10 years.

CSI has also established the Environmental Policy as one of its management policies, and the aforementioned CSP and the CSIF operate in compliance with the Environmental Policy as the CSI Group.

The Environmental Policy stipulates that employees should be engaged in businesses to achieve and maintain the highest environmental standards. It also sets out, among other things, recognizing the importance of the surrounding environment and striving to provide projects and services that actually improve the environment.

Furthermore, the appropriateness and effect of environmental targets and performance, etc. are reviewed annually and reviewed, and the Environmental Policy is also reviewed periodically to ensure continuous conformity and performance. As a corporate group engaged in renewable energy business, management is conducted with an emphasis on the environment.

■ Evaluation result

Based on JCR Green Finance Evaluation Methodology, JCR assigned "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "Green1" as an overall "JCR Green Loan Evaluation" to the Loans. The Loans are considered to meet the criteria for items required by the "Green Loan Principles" and the "Green Loan and Sustainability Linked Loan Guidelines 2020."

[JCR Green Loan Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1	m2	m3	m4	m5
Greenness Evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Scope of Evaluation

Borrower: Canadian Solar Infrastructure Fund, Inc. (Security Code: 9284)

[Assignment]

Subject	Loan Amount	Loan Date	Repayment Date	Interest Rate	Evaluation
Long-term loan	JPY 17 billion	Mar. 8, 2021	Corresponding day after 10 years from Borrowing Date	6 month TIBOR + 0.45%	JCR Green Loan Evaluation: Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

(Responsible Analysts of this evaluation): Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Loan Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Loan Evaluation

JCR Green Loan Evaluation, which is assigned and provided by Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the proceeds of green loans, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green loans are ensured. This does not perfectly disclose all the efforts taken by the issuer/borrower to ensure the use of proceeds, administration, management of the proceeds and the transparency.

JCR Green Loan Evaluation is to evaluate the plan or status of the proceeds to green projects at the time of issuing green loans or planning to borrow, and does not guarantee the future actual allocation of the proceeds. JCR does not guarantee the positive environmental effects of green loans nor is liable for their expected impacts. JCR confirms that the environmental impacts, which will be realized by the allocated proceeds, are calculated quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle JCR does not calculate them by itself.

2. Methodologies used in the conduct of this evaluation

The methodology used in this evaluation are listed on JCR website (Sustainable Finance & ESG in <https://www.jcr.co.jp/en/>) as JCR Green Finance Evaluation Methodology.

3. Relationship with Acts Related to Credit Rating Business

JCR Green Loan Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

4. Relationship with Credit Ratings

The Evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-party character of JCR

There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

■Disclaimers

The information contained in this document has been obtained by JCR from the Borrower and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. JCR Green Loan Evaluation does not express any opinion on the various risks (credit risk, price fluctuation risk, market liquidity risk, etc.) associated with the green loan, which is the subject to the evaluation. JCR Green Loan Evaluation is a comprehensive statement of opinion at the present time of JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual loans, commercial paper, etc. JCR Green Loan Evaluations may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document, including data from JCR Green Loan Evaluation, are held by JCR. Reproduction, adaptation, modification or alteration of this document, in whole or in part, including data from JCR Green Loan Evaluation, without the permission of JCR is prohibited.

■Glossary

JCR Green Loan Evaluation: JCR Green Loan Evaluation evaluates the extent to which the funds procured from the Green loan are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Loan are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■Status of registration as an external reviewer of green finance

- Ministry of the Environment's external green loan reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Members of the Working Group on UNEP FI Positive Impact Finance Principles
- CBI Approved Verifier

■Status of registration as a credit rating agency. etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO(Nationally Recognized Statistical Rating Organization. (1)Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on JCR website (<https://www.jcr.co.jp/en/>).

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